NOMINATION OF C. T. CONOVER

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF C. T. CONOVER TO BE COMPTROLLER OF THE CURRENCY FOR A TERM OF FIVE YEARS

DECEMBER 1, 1981

Printed for the use of the
Committee on Banking, Housing, and Urban Affairs

[97-42]

U.S. GOVERNMENT PRINTING OFFICE

88-706 O WASHINGTON: 1982

S 241-4

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NOMINATION OF C. T. CONOVER

TUESDAY, DECEMBER 1, 1981

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, D.C.

The committee met at 9:30 a.m. in room 5302 of the Dirksen Senate Office Building; Senator Jake Garn, chairman of the committee, presiding.

Present: Senators Garn and Proxmire.

The CHAIRMAN. The Banking Committee will come to order.

The purpose of the hearing this morning is to hear testimony from C. T. Conover on his nomination by the President to be Comptroller of the Currency. Mr. Conover, we're happy to have you with us this morning. We're particularly happy to have our distinguished Senator from California, Senator Hayakawa, here to introduce you.

Sam, would you like to proceed?

TESTIMONY OF S. I. HAYAKAWA, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator HAYAKAWA. Thank you, Mr. Chairman.

Mr. Chairman, I am very happy to appear before you today to introduce to the Senate Committee on Banking, Housing, and Urban Affairs Mr. C. T. Conover, the administration's nominee for the position of Comptroller of the Currency. Mr. Conover is one of the founding partners of Edgar, Dunn & Conover, Inc., the management consultant firm with headquarters in San Francisco. Much of his experience is concentrated on the planning, organizing, financial management and operation and improvement, dealing with financial institutions.

His experience as an outside consultant in his firm and others he has been associated with in the past has given him an insight into the problems shared by all financial institutions and depository institutions in particular.

Mr. Conover has also been vice president for corporate development for U.S. Bancorp in Portland, Oreg. His work inside this institution has allowed him to experience at first hand the needs of a growing financial organization and has demanded that he respond to those needs by providing a means to grow. This inside experience will, I'm sure, be invaluable to him in the position of Comptroller of the Currency.

I hope the committee will be as impressed with Mr. Conover's grasp of the task before him as I was. His knowledge of the current financial status of depository institutions is extensive and his ideas to improve the efficiency of the industry are refreshing. I am sure,

Mr. Chairman, that he will be an enhancement to this administration.

Thank you very much.

The CHAIRMAN. Thank you very much, Senator.

Senator Proxmire, do you have any opening comments?

Senator PROXMIRE. Yes. I have an opening statement, Mr. Chairman. I would appreciate it if it could be inserted in the record.

The CHAIRMAN. Certainly.

STATEMENT OF SENATOR PROXMIRE

Senator PROXMIRE. I've read through Mr. Conover's credentials, and I'm impressed. However, there's one major issue that must be explored during this hearing, and that is the matter of the retention of Mr. Conover's name in the name of the consulting firm presently known as Edgar, Dunn & Conover, Inc. Frankly, I fail to see the rationale of that decision. It suggests that the reason for the firm wishing to retain the name can only be that they expect to increase their business significantly as a result of their connection with the Comptroller of the Currency.

Despite the recusal agreement signed by Mr. Conover, I believe the association of his name with the firm may imply to potential clients that the firm has special access to the Comptroller. This situation being an appearance of conflict of interest, the practice observed by law firms has long been that if a partner is going into the Federal Government, his or her name is removed from the name of the law firm. The practice eliminates any possible appearance of conflict of interest. I think the public trust would be best served if Mr. Conover followed the same approach.

I'm also concerned about the 3-year payoff provision contained in Mr. Conover's settlement agreement with his former firm in the context of Mr. Conover's name remaining on the letterhead. While his recusal agreement should take care of much of the problem—his payments are not based upon the firm's performance—it seems that this long-term payoff agreement could create problems in separating public business from private business. Mr. Conover should consider the possibility of renegotiating his agreement to provide for full payment now. The firm could do so by taking out a bank loan.

The CHAIRMAN. Mr. Conover, may I have you rise so that you may be sworn?

[Witness sworn.]

The CHAIRMAN. Mr. Conover, do you have an opening statement which you wish to make?

Mr. CONOVER. No, I don't, Mr. Chairman. I am honored to be here and I will be happy to answer any questions you may have.

The CHAIRMAN. Thank you.

Mr. Conover, when confirmed, will you resign your position at Edgar, Dunn & Conover, Inc.?

Mr. CONOVER. Yes, I will.

The CHAIRMAN. Will you resign from any and all other corporate boards you may be a member of?

Mr. CONOVER. Yes. In fact, I have already done so.

The CHAIRMAN. It's my understanding that Edgar, Dunn & Conover has agreed to purchase your stock holdings. As part of the

agreement, you will take a promissory note secured by a pledge of transferred shares to an independent pledge holder. The note provides for fixed payments over the next 3 years; is that correct?

Mr. CONOVER. That is correct.

The CHAIRMAN. Additionally, the company will provide you with severance pay, which is also fixed in amount and the timing of the payments. Furthermore, you plan to leave your equity interest in Edgar, Dunn & Conover's profit-sharing plan to be reinvested?

Mr. CONOVER. That is correct.

The CHAIRMAN. However, since you no longer own any stock, you will not participate in any way in the company's future profits; is that correct?

Mr. CONOVER. That is correct.

The CHAIRMAN. You plan to continue your coverage under the company's group insurance plan only through the current premium period?

Mr. CONOVER. I plan to retain coverage under the group health insurance plan by paying the premiums myself.

The CHAIRMAN. Edgar, Dunn & Conover, Inc., plans to retain its present name, thus continuing to include your name in its name. It is my understanding that if confirmed, you will recuse yourself from any particular matter involving former, present or future clients of the firm, or any successor firm which relates to, involves, or uses any study or work done by that firm.

Mr. CONOVER. That is correct.

The CHAIRMAN. Additionally, you will recuse yourself from any and all decisions specifically concerning any banks with which you have outstanding loans?

Mr. CONOVER. Yes, sir.

The CHAIRMAN. Your recusal will be circulated to all key management officials with instructions that such matters should not be discussed with you; is that correct?

Mr. CONOVER. Yes, sir.

The CHAIRMAN. At this time, do you plan to return to Edgar, Dunn & Conover after leaving your post as Comptroller?

Mr. CONOVER. I have no plans to do so at this time.

The CHAIRMAN. If confirmed, do you agree to appear before this or other congressional committees upon request?

Mr. CONOVER. Yes, I certainly do.

The CHAIRMAN. Mr. Conover, I think, as Senator Proxmire has an interest in some of these conflict-of-interest questions that I have asked you for the record, before I go to any substantive questions, I'd like to have Senator Proxmire followup.

Senator PROXMIRE. Thank you, Mr. Chairman.

Mr. Conover, I understand that you intended to have your name continue as part of the firm of Edgar, Dunn & Conover. Inasmuch as you would officially sever all ties with the firm, could not the other members of the firm choose to remove your name from the title?

Mr. CONOVER. Yes, they could.

Senator PROXMIRE. It would seem to me that a major reason—I think it's hard to get into the minds of people, but I think that many people in the public might have the same reaction I have. They are not doing so because they'd expect to increase their

business significantly as a result of their connection with the Comptroller of the Currency. Wouldn't the use of your name imply to potential clients that the firm has special access to the Comptroller?

Mr. CONOVER. Not necessarily. In fact, I do not think that is why they would like to retain my name in the firm at all. I think the reason is because we formed that firm from literally nothing, approximately 3 years ago, and worked hard to make it a success. We have a strong pride in the success that it has achieved to date, and have worked to develop some name recognition. We have been, we hope, reasonably successful in accomplishing that, and see no reason to change the name of the firm.

Senator PROXMIRE. Are your clients on any occasion national banks?

Mr. CONOVER. Yes, sir. The firm does have clients that are national banks from time to time, although its practice is quite diversified and includes many different industries of which banking is only one.

Senator PROXMIRE. In view of the fact that the U.S. Comptroller will be the principal regulator of national banks, and in view of the tremendous interests that national banks, of course, have in the policies of the Comptroller, your decision can make an enormous difference to the well being of banks, the kind of competition they run into and so forth. It would seem to me that having your name continue, even though you've severed your connections, would have some apparent influence. I'm not saying it would. I'm sure you're a man of integrity. I've had a chance, as I say, to look at your record. But I would think there would be a danger that people—the general public would feel that you've had that connection and that your firm had that special access.

Mr. CONOVER. Senator, I've discussed that issue at some length with the Acting Chief Counsel in the Comptroller's office, who is the ethics officer in that agency, also with the Deputy General Counsel in the Treasury Department who is the ethics officer in the Treasury Department, and with the Director of the Office of Government Ethics. They all feel that a recusal statement in the form that the chairman read a few minutes ago will be adequate to handle any difficulties in that regard.

I might also add that the firm Edgar, Dunn & Conover, Inc., has never done any work which has come before the Comptroller's office, and I do not expect that it will ever in the future.

Senator PROXMIRE. Did they explore the precedents here? Are there precedents for people in positions of power and discretion in the administration who have continued to have their names associated with a firm, who have dealt with people under their regulation?

Mr. CONOVER. My understanding is that there are, but I personally was not involved in that.

Senator PROXMIRE. They didn't document that at all?

Mr. CONOVER. Not to my knowledge.

Senator PROXMIRE. I understand that you haven't made a lump sum settlement with your former firm, but instead you've received a payment over 3 years. How much money will you receive per month?

Mr. CONOVER. Actually, there are to be two means of payment. One is to be for the sale of my shares in the firm, which are sold at book value. I will receive, in return for those shares, approximately 10 percent of that value each year for 3 years with a lump sum payment of 70 percent at the end of the third year together with interest on the unpaid balance at 13 percent during the interim period.

A second form of payment will be severance pay, which will provide me with a monthly payment of about $2,150 during the 3-year period. That also will include interest at the 13 percent, which will fully amortize the total amount of the severance payment over that time period.

Senator PROXMIRE. As I understand it, there will be absolutely no connection between whatever profit the firm makes and your payment. Your payment is now determined, it's definite, it will not be modified in any way by the firm's loss or gain; is that right?

Mr. CONOVER. Yes, sir. The amount and the terms of the agreement are totally independent of the firm's profits.

Senator PROXMIRE. Now, I gather you worked out an agreement to avoid any conflict of interest by recusing yourself of any matter involving former, present or future bank clients of the firm which relate to, involve, or use any study or work done by the firm. Won't that be a difficult line to draw?

Mr. CONOVER. No, I do not think so. If a matter comes before the Comptroller's office and in support of a proposal by a particular bank there is evidence that work has done by the firm on it, it will be recognized readily, I believe, by the people in the Comptroller's office. Therefore, it will not be brought to my attention.

Senator PROXMIRE. Do you think it's really possible to avoid a conflict of interest or appearance of conflict of interest, I should say, so long as the firm continues to use your name, coupled with your receiving deferred payments from them?

Mr. CONOVER. Yes, I do.

Senator PROXMIRE. Why couldn't the firm simply pay you off? I realize it's a small operation, it's a new operation. You've done a good job in building it up. Why wouldn't it be possible to borrow money and pay you off and be done with it?

Mr. CONOVER. We had a rather lengthy discussion on that point. As you can imagine from the terms that were finally negotiated on that point, the firm felt that it would not be prudent to try to pay it off in a lump sum.

Senator PROXMIRE. Now, in your financial disclosure statement you indicated you have negotiated an agreement with respect to the shares you own in your consulting firm for severance pay. You also say that you will continue to own an interest in the profit sharing plans of the firm, and that you value at $27,000. Does your agreement cover your profit sharing or not, and would that be an element that would make your benefit conditional on how the firm fares?

Mr. CONOVER. The profit-sharing plan is a standard, qualified-plan, qualified under the internal revenue code, in which an annual contribution on behalf of all employees is made at the discretion of the firm's board of directors. There is a vesting schedule that goes along with the plan. What I intend to do is leave the

vested portion of my interest in the plan and have it be managed, along with the other funds in the plan, by its trustees.

Senator PROXMIRE. Well, I notice in the document here it says continue interest in Edgar, Dunn & Conover, Inc., profit-sharing plan. Don't you think that you should make a settlement with your firm with respect to the profit-sharing plan to avoid possible conflict of interest?

Mr. CONOVER. In this particular case, there can be no future payments into the plan, based on the profits of the firm that can accrue to me, except for the service that I have had during this fiscal year. I do not see any reason therefore, why I should not be able to continue to have funds remain in the plan, as with any other retirement plan, which is essentially what it is. The plan is totally independent of the firm.

Senator PROXMIRE. Mr. Chairman, first I want to say that I'm very impressed by this gentleman. He has a fine education—we both went to Yale. Are you any relation to the famous Harry Conover, who was head of the sensational modeling agency in New York?

Mr. CONOVER. No, I can't say that I am.

Senator PROXMIRE. That was one of my boyhood fantasies, that maybe I'd do something like that someday. (Laughter.)

It's a highly desirable position. I am concerned, frankly, with this, and I hope that we can work it out some way because I do think your connection with this firm that will be dealing with national banks, and you as the top official in the Federal Government, as a regulator of national banks, it seems to me that provides a conflict which should be resolved. As I say, I'm impressed by your background.

Thank you, Mr. Chairman.

The CHAIRMAN. I would just comment before I begin questions, now we don't know whether his name is worth anything or not. The reason I say this reminds me of the story I tell about when I was mayor of Salt Lake City, I pulled out, make a right-hand turn into a particular street and a car was backing out from an angle parking. It made me swerve into the second lane. A Salt Lake City policeman stopped me and I said, "Didn't you see that car that forced me out into the street?" And he said, "No, I didn't." I said, "Well, it really did. I wouldn't have made an illegal turn and swung into the second lane, but I avoided an accident by doing it." He said, "Well, OK. I'll accept your statement, and I'll not give you a ticket." And then it dawned on me. I said, "Maybe you'd better give me a ticket. I think it's a lot better that you do." He said, "No, there's no reason to."

Well, to make a long story short, and it went back and forth. Finally I said, "Well, I don't want any special treatment because of who I am." And he says, "Who the hell are you?" [Laughter.]

I said, "Well, that's fine then. I need not worry about special treatment." Maybe they won't recognize your name whether it stays there or not. It's very deflating to be the mayor and not be recognized by a Salt Lake City policeman.

Mr. Conover, what do you see as your first priority in your prospective position as Comptroller?

Mr. CONOVER. I think the first priority for the Comptroller of the Currency is to carry out its basic mission which is insure the safety and soundness of the national banking system, and at the same time to foster and insure a high degree of compliance with law and to promote competition, so that we continue to have a healthy overall financial system in the country.

The CHAIRMAN. As you're probably aware, this committee has held several days of hearings this May, also in October, on legislation to change the structure of the financial system. Primarily due to the new phenomenon, the money market funds and all of the nondepository type institutions getting in the financial services business. Legislation to authorize national banks to underwrite revenue bonds, to permit savings and loans to make commercial loans.

I'd appreciate it if you have any comments on S. 1720, in the broad sense.

Mr. CONOVER. Yes, I do. S. 1720 is definitely moving in the right direction. I think it is essential that banks and thrifts have expanded asset powers to permit them to adjust their affairs to changing economic conditions, so that they can compete effectively in the marketplace with nondepository institutions. So to the extent that the bill heads in that direction and provides both banks and thrifts with those kinds of powers, I am definitely in favor of it.

The CHAIRMAN. What is your view of how the financial system should or also will look like, of 5 years from now?

Mr. CONOVER. Five years from now will have a very different looking financial system than we have today. Probably the distinction we have between banks and thrifts will be even more blurred than it is today but the distinctions will not have disappeared entirely. We will see the so-called department store finance offering a variety of different kinds of services, as well as smaller and specialized financial service companies of various types focusing on their particular niches in the market. I expect that we will still have a highly competitive system. We will have products and services tying together different kinds of financial services that we haven't even thought of today.

The CHAIRMAN. Do you believe that banks should be authorized to engage in securities activities such as brokerage underwriting functions?

Mr. CONOVER. Yes, I do.

The CHAIRMAN. How about securities firms being permitted to own banks?

Mr. CONOVER. I think you cannot have it one way and not the other. So I would favor securities firms being able to own banks as well.

The CHAIRMAN. What are your feelings about interstate operations of banks? Do you think we should allow banks to branch across State lines?

Mr. CONOVER. Yes, I do. I think the time has come when we ought to recognize that geographic boundaries do not serve the public well, that we can have increased competition by removing them. I think we ought to do so.

The CHAIRMAN. Well, you have just stirred up all the independent bankers. [Laughter.]

The Treasury Department has proposed that banks be permitted to engage in a broad range of financial and securities services, but only through separate bank holding company subsidiaries. The Acting Comptroller objected to this concept, indicating that to remove profitable activities from a bank would weaken the bank's earnings potential and not strengthen it.

What's your opinion? Should we allow them to get involved in commingled accounts and municipal revenue bonds? Should they be put in a separate holding company or should they be allowed to operate within their existing structure?

Mr. CONOVER. I certainly favor the direction that the administration proposes to go in terms of providing for increased asset and product powers for banks. I recognize that it is an issue of some controversy as to whether or not those powers ought to be provided within the framework of the bank itself or the bank holding company structure. Frankly, I have not had the opportunity to consider the pros and cons of each of those approaches, so I am not really sure what my view is on that subject at this time.

The CHAIRMAN. One thing that is of great concern to me is to be able to protect the diversity of the system with all of this revolution that is occurring in the financial services industry. Now it's interesting that some of the most vocal opponents of S. 1720 are the realtors. Their general line in their many letters that have descended upon me is that to allow the thrifts more authority deters them from being involved in the mortgage lending area and simply will lead to intense concentration in a few large national banks.

I think that's rather shortsighted. To ignore the $173 billion in money market funds, where the concentrations are really starting to occur outside the depository institutions. It's a little frustrating to me when people stick their heads in the sand and say they're afraid of concentrations. I've said that many, many times. I don't know how many times I've said I'm not worried about Citicorp or Chase Manhattan and all the big boys. I don't want to see concentrations in a few institutions, but I feel the same way about nondepository institutions. I don't want to see Sears, Texaco, and American Express, just a few of those, either. But in any event, it concerns me very greatly that we avoid that kind of concentration.

So I appreciate the statement that you're in favor of interstate branching and much of what I've proposed. How do we prevent those kind of concentrations either with or without the depository institutions within the financial services industry?

Mr. CONOVER. Mr. Chairman, I share your view that it is important to avoid concentration. Frankly, I think that market forces already in existence today will prevent that from occurring. I think that, as you can see by looking around at different types of financial institutions ranging from Sears and American Express to Merrill Lynch and the other major investment banking brokerage houses, the larger banks and bank holding companies, and a banking industry that consists of some 15,000 banks, the chances of dangerous concentrations in the future are very, very slim. I just don't see that happening.

It may very well be that we end up with a smaller number of financial institutions in the future than we have today. But I do not see any danger in that.

The CHAIRMAN. Some people have referred to you as the "last Comptroller," because they believe that you support the Treasury's position on consolidation of the bank regulatory agencies.

Do you have any comments on that?

Mr. CONOVER. I certainly do. When the dust settles and we know what the depository institutions in this country are going to look like, we ought to step back and consider what kind of Federal regulatory agencies we need in order to do the appropriate job of regulation. At the present time, as I count them anyway, there are eight different regulatory agencies dealing with depository institutions. I think that it is fairly obvious that eight is too many. As to what the right number is or what the specific roles that each agency ought to have, I do not know yet. But the question ought to be reexamined carefully. If we find in the process of that reexamination that we can streamline it and make the regulatory structure less burdensome for the depository institutions, then we ought to do that.

The CHAIRMAN. What's your feeling about the dual banking system? Do you think it's served us well and should it continue?

Mr. CONOVER. It has served us very well, and I definitely think it should continue.

The CHAIRMAN. Mr. Conover, do you have any other comments you would like to make before we close the hearing today?

Mr. CONOVER. No; I do not Senator. Thank you very much.

The CHAIRMAN. We appreciate your coming very much. We will poll the committee.

Senator Proxmire has expressed his concerns and may want to communicate with you on those concerns. I personally have no problem. I wasn't being entirely facetious when I told that story, because I'm not convinced that names are that important. I think we tend to overemphasize the importance of that kind of influence. But it is a concern to Senator Proxmire, and he wishes to communicate with you further on that.

Otherwise, I have no further questions today. I appreciate your coming. I think you would serve very well in this capacity, and I certainly intend to support you in this nomination as rapidly as I can. Thank you.

Mr. CONOVER. Thank you, sir.

The CHAIRMAN. The committee is adjourned.

[Whereupon, at 10 a.m., the hearing was adjourned.]

[Additional information received for the record follows:]

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: CONOVER (LAST) C. (FIRST) T. (OTHER)

Position to which nominated: Comptroller of the Currency Date of nomination:

Date of birth: 13 (DAY) 10 (MONTH) 39 (YEAR) Place of birth: Bronxville, New York

Marital status: Married Full name of spouse: Sally J. Conover

Name and ages of children: Kirsten M. Conover (15)
Alison J. Conover (13)

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of California	9/63 - 6/65	M.B.A.	6/65
University of Washington	9/62 - 8/63	-	-
Yale University	9/56 - 6/60	B.A.	6/60
Hotchkiss School	9/53 - 6/56	H.S. Diploma	6/56

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Beta Gamma Sigma (Business Honorary Fraternity)

Standard Oil of California Grant-In-Aid

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Institute of Mgmt Consultants	-	1977 - Present
Financial Executives Institute	-	1973 - Present
Bankers Club of San Francisco	-	1975 - Present
California Alumni Association	-	1981 - Present
California Bus. Ad. Alumni Assn.	Treasurer, Director	1965 - Present
Yale Alumni Association	-	1960 - Present
Hotchkiss Alumni Association	-	1956 - Present

-continued- Attachment 2A

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

9/78 -	Edgar, Dunn & Conover Inc., Management Consultants, San Francisco, California, Director and Vice President
5/74 - 8/78	Touche Ross & Co., San Francisco, California - Principal and a National Services Director for Banks in the Management Consulting Group
6/72 - 4/74	U.S. Bancorp, A Bank Holding Company in Portland, Oregon - Vice President, Corporate Development
6/65 - 6/72	McKinsey & Company, Inc., San Francisco, California and Amsterdam, The Netherlands - Management Consultant
6/64 - 9/64	Kaiser Aluminum & Chemical Corp., Oakland, California - Summer Job in Controller's Dept While Attending Graduate Business School
7/62 - 8/63	Seattle First National Bank - Management Trainee
6/60 - 6/62	U.S. Navy - Lieutenant (JG)

Memberships (Continued):

Case-Swayne Co., Inc. Santa Ana, California	Director	1978-Present
Kitayama Bros., Inc. and Greenleaf Wholesale Florists Union City, California	Director	1979-Present

I intend to resign these directorships.

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

None

Published writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See Attachment 3A

Political affiliations and activities: List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Republican Party

Published Writings:

"Cash Management Tools and Techniques", Food Marketing Institute, Financial Executives Conference, May 1981

"Attracting and Retaining Bank Management Talent", Bank Presidents' and Senior Officers' Policy Seminar, Western Independent Bankers, March 1979

"Increasing Bank Profits through More Effective Pricing", Minnesota Bankers Association, February 1978

"The Impact of Inflation on Bank Income Statements", Bank Presidents' and Senior Officers' Policy Seminar, Western Independent Bankers, March 1977

"The Challenge of Bank Productivity", Tempo, January 1977

"Using Financial Analysis to Evaluate a Bank Acquisition Candidate", Touche Ross Financial Services Conference, October 1976

"Developing Your Bank's Strategic Plan", Banknotes, April/May 1975. Speech to BAI 51st Annual Convention, October, 1975. Quoted in full in American Banker

"Identifying and Diagnosing Bank Management Problems", Touche Ross Financial Services Conference, October 1975

"The Status of Bank Credit Cards Today", National Convention, Financial Executives Division, NRMA, June 1975. Published in Retail Control, September 1975

"The Case of the Costly Credit Agreement", Financial Executive, September 1971

Political contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

$3,000 - "Citizens Against Government Takeovers" - October, 1980

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See Attachment 4A

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes, except for deferred income arrangements described on page 8.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

None

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Qualifications

I believe three aspects of my professional background qualify me to be Comptroller of the Currency; these are my experience in:

- Working with the top management of banks and other financial services companies, and companies in a variety of other industries, to solve different kinds of management problems
- Handling the important functions of planning, organization, financial management, and operations improvement
- Identifying problems, developing solutions, gaining acceptance of recommendations, and implementing changes in a large number of different organizations

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I have a Stock Purchase and Severance Payment Agreement with Edgar, Dunn & Conover Inc. that provides for payments over the next three years. The amount and terms are fixed; the stock is purchased at book value, and the severance payment ($63,750) is equal to two months' salary for each year of service.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Mortgage loan on residence - Wells Fargo Bank

Unsecured loan - Bank of California

Unsecured loan & credit cards - First Interstate Bank of California

Unsecured loan - Hibernia Bank

Credit cards - California Canadian Bank and Union Bank

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. I will recuse myself from any particular matter involving (a) a bank with which I have an outstanding loan, or (b) a present or former bank client of the firm of Edgar, Dunn & Conover Inc. which might relate to, involve, or in which might be used, any study or work done by that firm.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

December 8, 1981

Dear Mr. Chairman:

The Board of Directors of Edgar, Dunn & Conover Inc. met today and voted to remove my name from the corporate name if I am confirmed as Comptroller of the Currency. I hope this action will resolve any questions of potential conflicts of interest that any members of the Committee might have.

If confirmed, I will also execute a statement so that the recusal provisions with respect to the Office of the Comptroller of the Currency also apply to the FDIC.

Sincerely yours,

C. T. Conover

C. T. Conover

The Honorable
Jake Garn
Chairman
Committee on Banking, Housing and
Urban Affairs
United States Senate
Washington, D. C. 20510

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